



The unrest and curfew disrupted off-dock operations, preventing the dispatch of export containers from Chattogram port and compelling vessel operators to defer scheduled departures.

PHOTO: RAJIB RAIHAN

Long vessel queue forms at outer anchorage of Ctg port

For berthing delays from operational disruptions

DWAIPAYAN BARUA, Ctg

A long queue of vessels has formed at the Chattogram port's outer anchorage, with berthing delayed by up to nine days, for container yards being acutely congested and operational disruptions resulting from the quota reform movement last week.

At least 13 container vessels were waiting to berth as of yesterday afternoon as others were held up at jetties for being unable to unload imports due to space constraints at the yards.

Delivery of imports from the yards resumed on the evening of July 23 after almost five days of countrywide unrest and curfew, but the pace was slow as the roads were choked with trucks entering to receive containers.

There were 35,421 TEUs (twenty feet equivalent units) of full container unload (FCL) shipments, meaning containers entirely occupied by a single shipper's

goods, at the import yards till yesterday morning.

This is over 88 percent of the yards' capacity to store 40,368 TEUs.

Such space constraints are now forcing vessels to remain at the jetties for anywhere from three to five days whereas usually a vessel can leave within 48 hours on discharging imports and taking exports on board.

And this has led to the long queue of incoming vessels. For instance, Panama-flagged MSC Qingdao arrived at the outer anchorage on July 21 and was yet to get berth as of yesterday.

SOL Resilience and SOL Reliance arrived from Colombo and Singapore respectively on July 26 and their local agent estimates that berthing would not be possible before July 31.

Port users, mainly officials of different firms operating ships, identified three major reasons for vessels having to stay

longer periods at the jetties.

Firstly, shipping agents were unable to promptly receive import discharge permissions as they could not share documents, including details of shipment contents, with the authorities for a five-day internet blackout.

Similarly, Chittagong Port Authority could not access the naval authority's approvals for the unloading of dangerous cargo.

Secondly, deliveries were suspended for the unrest and curfew in the port city, leading to the severe space constraints at the yards and subsequently barring the unloading of containers from vessels.

Thirdly, the unrest and curfew also disrupted off-dock operations, preventing the dispatch of export containers and compelling vessel operators to defer scheduled departures.

Such berthing delays are causing firms operating ships to incur losses in charter

hire and service failure while also forcing importers to wait for longer periods in getting their cargo.

"We operate our vessels with a specific service commitment, primarily involving mother vessel connections at transshipment ports like Colombo, Singapore and Malaysia," said Muntasir Rubayat, director of Bangladesh Shipping Agents Association.

As such, delayed berthing leads to costs of at least \$15,000 to \$20,000 per day in charter hire, not to mention the losses from service failures, he said.

"Late arrival of vessels from Chattogram to those ports results in space having to go empty in a mother vessel and then space shortages on the next mother vessel the following week," Rubayat said.

Additionally, delays in reaching garment products to their destinations causes significant losses for Bangladeshi exporters, he added.

Submit sector-wise impact assessment report Salman asks businesses

STAR BUSINESS REPORT

The prime minister's private industry and investment adviser has asked businessmen to provide a sector-wise impact assessment report of the recent violence centring the quota reform protests, the government's imposition of a nationwide curfew and a five-day internet blackout.

"We will understand the economic impact due to the weeklong turmoil when we get the sector-wise impact assessment report. The government will then take decisions for enhanced cooperation or see how they can be incentivised," said Salman F Rahman.

He made the comments after a view-exchange meeting with business leaders at the conference room of the Bangladesh Investment Development Authority in the capital's Agargaon yesterday.

He said businessmen discussed five problems, including container congestion at the Chattogram port and a downturn in business due to unavailability of internet. They also urged the authority to waive the demurrage charges in ports and mentioned the high rate of bank interest and the long-standing gas crisis as further obstacles.

Nasrul Hamid, state minister for power, energy and mineral resources, Zunaid Ahmed Palak, state minister for posts, telecommunications and information technology, Ahasanul Islam Titu, state minister for commerce, and Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry, were present at the meeting.

Rahman said the prime minister asked him to sit with businessmen in order to identify their problems and address the difficulties stemming from upheaval over the past week.

"We want to solve the problems as they are with the government and we are also with them. So, we want to address their problems with due importance," he said.

He added that they would sit separately with officials from the Bangladesh Bank, the ministry of finance, the ministry of information technology, the ministry of shipping, and the National Board of Revenue as well as with entrepreneurs involved in e-commerce activities.

Regarding the curfew, he said the situation is improving and it would be lifted gradually.

Rahman added that businessmen in Dhaka and adjacent areas faced huge losses compared to businessmen in other districts.

He also acknowledged people's sufferings due to the Dhaka Metro Rail being inoperative after it was damaged by miscreants, adding that technicians would come from Japan to repair it.

FBCCI president Alam said they would try to place the impact assessment report ahead of tomorrow's cabinet meeting.

He added that although the Chattogram port did not operate fully during the turmoil, officials worked manually to ensure it did not shut down for even a single day.

Regarding the economic impact, he said they are yet to get concrete information about gross losses.

He also did not make any comments about the Foreign Investors' Chamber of Commerce and Industry's calculations, which estimated an economic hit of over \$10 billion in the past week.

He said they could provide a total economic impact report after thorough assessment.

Shutdown cost the economy \$10b: FICCI

Urges govt to lift curfew as it seeks resumption of normal operations

STAR BUSINESS REPORT

The recent shutdown has significantly impacted Bangladesh's economy with losses estimated at over \$10 billion, according to the Foreign Investors Chamber of Commerce & Industry (FICCI).

"Numerous existing investors are currently feeling uncertainty as they aim to resume regular operations, but challenges and inefficiencies of goods release, running operations and physical reach are driving up the cost of business," said FICCI President Zaved Akhtar.

FICCI's observation came against the backdrop of a week of upheaval due to the quota reform movement, subsequent imposition of a curfew and a five-day internet blackout.

He made the comments in a submission to Salman F Rahman, the prime minister's adviser on private industry and investment, who met with business leaders at the Bangladesh Investment Development Authority in Dhaka yesterday.

"If we fail to prioritise the ease of doing business for our current investors, we will discourage potential investors from considering Bangladesh as a likely investment destination, especially

when the investors are facing existential crises."

The FICCI president said the investors are the most powerful advocates for attracting foreign direct investment. "There has never been a more important moment than now to protect their need," he said urging the authorities to address those.

He stressed the need to resume full mobile data connectivity, saying it is critical for fast-moving

consumer goods, logistics, health insurance, banking, IT & technology companies, mobile companies, testing & inspection companies, energy & power, and others.

"Bringing full confidence back in safety and security to instil conviction with local and expatriate employees is critical," he said.

"Lifting of curfew and resumption of normal operations will be a critical enabler."

To reduce the cost of doing

business, Zaved, also chairman and managing director of Unilever Bangladesh Ltd, demanded faster release of goods from ports and shipments outwards.

The FICCI urged to waive all demurrages for goods not released since July 18.

"Smoothering the Authorized Economic Operator approval process will help a lot in reducing port congestion & demurrage impact," it said.



PHOTO: STAR

The cost of crisis

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After some recovery in the five months since the blaze, restaurant sales fell by more than two-thirds in the space of two weeks this month.

Economic gloom has also clouded the garment industry, a time-sensitive sector.

"Any delay in shipments will hurt the sector," said Faruque Hassan, a former president of the Bangladesh Garment Manufacturers and Exporters Association.

During the pandemic, companies

kept their manufacturing units open, but the unavailability of the internet stalled them.

Besides, backward linkages were impacted and the supply chain was seriously disrupted. Some companies faced cancellations of orders and some were forced to send products by air.

Although the crisis now seems to be easing, its impact on exporters will linger for a month, because it has created a huge backlog of unfinished tasks.

NBR misses revenue target

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NBR data showed that tax collection from international trade grew 8.72 percent year-on-year to Tk 100,819 crore in FY24 owing to falling imports as the government placed curbs to save US dollars amidst a prolonged forex crisis.

Income tax receipts rose 15.60 percent to Tk 131,025 crore, while the collection of value-added tax, the biggest source of revenue, grew 20.17 percent to Tk 150,717 crore last year.

Of the three segments, the NBR

witnessed the highest growth in VAT collection.

"Persistently higher inflation and exchange rate volatility have together contributed to VAT growth last fiscal year," added Mansur, also a former economist of the IMF.

"In the future, we have to focus on direct taxation, which should be 12 percent of the country's GDP."

Also, total VAT collection should be 6 to 8 percent of the country's GDP. Currently, the ratio is just around 3 percent, Mansur added.

Govt to waive

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of their import consignments from the port, said the minister.

He said the decision was taken with the aim of assisting RMG factories to continue import and export activities through the port and ensure export shipments within the lead time fixed by the buyers.

BGMEA Vice-President Rakibul Alam, who was present at the meeting, told The Daily Star that the waiver would be effective for import containers that could not be taken out after the expiry of a four-day free stay.

Imported containers are allowed to stay at the port yards free of charge for the first four days after being unloaded from vessels.

For a 20-foot loaded container, the port charges demurrage at \$6 per day during the first week following the four free days. It then charges \$12 each day during the second week. From then onwards, it charges \$24 per day.

For a 40-foot container, the charges are double.

Chittagong Port Authority (CPA) Secretary Md Omar Faruk said they

heard about the decision but were yet to get an official letter in this regard.

Upon getting an official decision, the port authority will comply, he said.

Cargo and container delivery from the port yards gradually came to a halt since July 17 due to the volatile situation before the internet blackout, which began on July 18, caused further disruptions.

The lack of assessment facilities due to the absence of the internet as well as the countrywide curfew created a container congestion at the port.

On July 22, the Chattogram port was encumbered with 42,150 TEUs (twenty-foot equivalent units) of containers, occupying over 79 percent of the port's storage capacity of 53,118 TEUs.

Smooth operations of a port are hampered if containers occupy over 60 percent of its storage capacity, port officials said.

According to BGMEA estimates, garment makers have incurred around Tk 10 crore in demurrage charges over the past week.

Window stays

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"We identified the mortgaged properties, collected documents and expedited the legal procedures to recover the fund," said Karim.

Speaking on the ongoing forex crisis, Karim said the interbank exchange market had become more vibrant as the central bank introduced a crawling peg exchange rate and set the mid-rate at Tk 117 per US dollar in May.

The crawling peg system is a transitional measure towards a fully flexible, market-based exchange rate system, aiming to stabilise exchange rate movements while preparing for broader market liberalisation.

"We provide 37 services to the government, including opening

letters of credit for government institutions and projects, and that is why the bank faces pressure over a lack of US dollars," said Karim.

Regarding dealing with red flags of another financial indicator, or its capital shortfall, which results from having inadequate funds in comparison to financial obligations, he said it had now come down to Tk 4,400 crore.

It was around Tk 6,900 crore in 2007 and underwent fluctuations before reaching Tk 6,800 crore in 2021, he said.

However, the number of branches incurring losses stood at 15 as of June this year whereas it was 10 during the same period last year. Sonali Bank has around 1,200 branches at present.